

Message Text

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C O N F I D E N T I A L STATE 309420

EXDIS FOR ASSIST SECY HOLBROOKE ONLY

MIL ADDEE HANDLE AS SPECAT EXCLUSIVE

FOLLOWING REPEAT TOKYO 19967 ACTION SECSTATE DATED DEC 29:

QTE:C O N F I D E N T I A L TOKYO 19967

EXDIS

DEPT PASS STR ELECTRONICALLY

E.O. 11652: GDS

TAGS: ETRD, JA, US

SUBJECT: JAPANESE AGRICULTURAL QUOTA MEASURES

REF: TOKYO 19884

1. SUMMARY: USHIBA AND NAKAGAWA GAVE ME SEPARATE PAPER ON AGRICULTURAL QUOTA MEASURES CONTAINING CONCESSIONS WHICH I BELIEVE PROVIDE BASIS FOR AN AGREEMENT, PERHAPS WITH SOME FURTHER IMPROVEMENTS ON BEEF. NAKAGAWA HAD DONE ABOUT ALL
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HE CAN, AND IS STRUGGLING TO BALANCE OUR REQUESTS WITH STRONG DOMESTIC INTERESTS. NAKAGAWA IS EAGER TO HAVE OUR REACTION SINCE HE MUST STILL RECONCILE DOMESTIC INTERESTS TO THESE CONCESSIONS. END SUMMARY.

2. MEETING WITH USHIBA AND MINISTER OF AGRICULTURE
NAKAGAWA DEC. 28 WAS HELD IN PRIVATE DINING ROOM OF QUIET,

EXCLUSIVE RESTAURANT IN ORDER GIVE BOTH SIDES SOME RESPITE FROM THE
AVID TOKYO PRESS CORPS WHICH IS PRESSING FOR DETAILS OF
TIMING AND SUBSTANCE OF JAPANESE RESPONSE TO U.S. ECONOMIC
REQUESTS.

3. PRINCIPAL FOCUS OF MEETING WAS OR AGRICULTURAL
ITEMS. NAKAGAWA IMPRESSED US AS SINCERE, LOYAL
MEMBER OF FUKUDA CABINET CAUGHT BETWEEN THIS PRIME
MINISTER'S DESIRE TO BE AS POLITICALLY RESPONSIVE
AS POSSIBLE TO OUR REQUESTS AND HIS OWN POSITION AS
BUFFER FOR VOCAL, WELL-ORGANIZED AND POLITICALLY
POWERFUL FARM GROUPS. HE CLEARLY FEELS HE HAS
GONE A LONG WAY TO MEET US AND IS NERVOUS BOTH ABOUT
OUR RESPONSE AND ABOUT KEEPING THE LID ON THE
DOMESTIC POLITICAL SITUATION. HE SAID HE IS STAKING
HIS POLITICAL REPUTATION ON THE OUTCOME AND WE
BELIEVE HIM.

4. IN SUMMARY GOJ OFUNER ON AGRICULTURAL ITEMS IS
AS FOLLOWS:

--BEEF--INCREASE PRESENT HOTEL QUOTA FROM 1,000
TONS TO 3,000; INCREASE GENERAL QUOTA WHICH NOW
RUNS TO 75,000 TONS ON ANNUAL BASIS TO 85,000 AND
MAKE UNPUBLICIZED EFFORTS TO EXPAND U.S. PARTICI-
PATION THEREIN.

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--ORANGES--TREBLING OF ANNUAL IMPORTS (NOW 15,000)
THROUGH AN ANNUAL QUOTA OF 22,500 TONS PLUS SEASONAL
QUOTA OF 22,500, EFFECTIVE FY 1978.

--JUICES--DOUBLING OF 1,000 TON QUOTA OR ORANGE
AND GRAPEFRUIT CONCENTRATE FOR FY 1977 AND QUADRUPLING
FOR FY 1978.

5. NAKAGAWA PUT CONSIDERABLE STRESS ON FUTURE
FAVORABLE IMPACT OF INSTRUCTIONS THAT WILL BE GIVEN
TO LIPC TO UTILIZE ENLARGED GENERAL BEEF QUOTA TO
UPGRADE QUALITY OF IMPORTS, THAT IS U.S. BEEF. WHILE
THIS ASPECT CANNOT BE PUBLICIZED; IT SHOULD BE A
CONSIDERABLE BOOST TO OTHER PARTS OF U.S. BEEF
INDUSTRY BEYOND HOTEL BEEF PURVEYORS. BEEF INDUSTRY
REP RECENTLY ARRIVED IN TOKYO UNDER USDA COOPERATOR
PROGRAM WILL BE IN POSITION TO EXPLOIT THESE
ASSURANCES OF CONSIDERATION FOR U.S. SUPPLIERS.

6. WE CANNOT BE SURE THAT THERE IS ABSOLUTELY NO
MORE GIVE IN THESE PORPOSALS. ON BEEF, GOJ IS
PARTIALLY THE PRISONER OF ITS OWN PAST FICTIONS IN

SELLING THE "HOTEL QUOTA" TO DOMESTIC INTERESTS.
THE WHOLE BEEF SITUATION IS RIDDLED WITH SOME
PRETTY SEAMY DOMESTIC POLITICS INVOLVING ENTRENCHED
DISTRIBUTION ARRANGEMENTS CONNECTED WITH GANGSTERS
AND BURAKUMIN, AND CANNOT BE CLEANED UP IMMEDIATELY.
NAKAGAWA TOLD ME OF PRIME MINISTER'S URGENT INSTRUCTIONS
TO LOWER PRICES TO CONSUMERS, EXPAND BOTH
DOMESTIC PRODUCTION AND IMPORTS. NEW BUDGET IS
TO CONTAIN NEW ALLOCATIONS TO ENCOURAGE CONSUMPTION.

7. I SUSPECT WE COULD SQUEEZE OUT AN ADDITIONAL
1,000 TONS OF HOTEL BEEF JUST PRIOR TO JAN. 10 IF
WE REALLY NEED IT AND FEEL THE PAIN IT WILL CAUSE HERE
IS BALANCED BY CREDIT WE GET AT HOME. ON THE OTHER
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HAND, A TREDLING OF PRESENT QUOTA IS A CREDITABLE
ACCOMPLISHMENT.

8. ON ORANGES, I WOULD HOPE WE COULD ACCEPT JAPANESE
OFFER.

9. ON JUICE, I HOPE WE CAN TAKE UP JAPANESE OFFER AS
MAJOR EXPANSION OF PRESENT VOLUME. IF OUR OBJECTIVE
IS TO INCREASE EXPORTS THROUGH EXPANSION OF JAPANESE
MARKET FOR BLENDED JUICE, WE HAVE ACHIEVED A BREAK-
THROUGH LARGE ENOUGH TO JUSTIFY A SIGNIFICANT MARKETING
EFFORT. BY FULLY USING EXPANDED QUOTAS PROMPTLY WE
WILL BE IN POSITION TO SEEK FURTHER LIBERALIZATION
LATER. ALSO IN VIEW OF REPORTS OF LIMITED FORZEN JUICE
SUPPLIES IN U.S., JAPANESE MEASURES MAY BE AS MUCH
AS WE CAN USE NOW.

10. NAKAGAWA IS EAGER TO HAVE OUR REACTIONS TO
AGRICULTURAL PACKAGE QUICKLY. I HOPE WE CAN GIVE
HIM POSITIVE RESPONSE SOON, PERHAPS HOLDING OPEN
BEEF ISSUE WHERE WE MAY BE ABLE TO GAIN A BIT MORE,
SO HE CAN BEGIN INEVITABLE JOB OF SELLING A PACKAGE
DOMESTICALLY AS BEST HE CAN. AS OF NOW, MOST FARMERS
ARE PROBABLY STILL FEARFUL THAT FULL U.S. "DEMANDS"
AS LEAKED TO PRESS HERE MAY BE IMPOSED
ON THEM.

11. IT PROBABLY SERVES POLITICAL INTERESTS OF BOTH
SIDES TO GIVE PUBLIC IMPRESSION WE ARE STILL NEGOTIATING.
NAKAGAWA CAN PORTRAY HIMSELF TO JAPANESE
FARMERS AS MODERATING INFLUENCE SEEKING TO HOLD
DOWN POLITICALLY MOTIVATED U.S. DEMANDS AND THEN
APPEAR AS SOMETHING OF A HERO WHEN WE AGREE ON
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SOMEWHAT LESS. FROM OOOOUR SIDE, WE DERIVE ADVANTAGE
OF APPEARING TO HAVE WRUNG MAXIMUM FROM DIFFICULT
INTERNAL JAPANESE POLITICAL SITUATION.

12. I THEREFORE SUGGEST I BE AUTHORIZED TO TELL
NAKAGAWA THAT WE CAN IN FACT AGREE DURING STRAUSS
VISIT TO PACKAGE ALONG LINES OUTLINED IN PARAS. 7-9
ABOVE, BUT THAT FOR BOTH SIDES OUR PUBLIC POSTURE
SHOULD BE THAT GAP NOT YET FULLY BRIDGED.
MANSFILED UNQTE
CHRISTOPHER

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